WEEKLY ECONOMIC REVIEW

August 31, 2007

Canadian GDP grew at a stronger-than-expected 3.4% (annualized rate) in the second quarter, led by consumer expenditures and investment. Business investment in machinery and equipment was an important contributor to growth, after a drop in the first quarter. Despite the appreciating Canadian dollar, exports grew even faster than in the first quarter. Even then, net trade was a drag on growth as increases in imports exceeded exports.

US GDP grew by 4.0% in the second quarter. Growth was led by the trade sector. Exports jumped by 7.6% (annualized), while imports fell by 3.2%. Growth in consumer expenditures slowed to 1.4% from 3.7% in the first quarter. Investment in residential construction fell 11.2%, reflecting continued woes in the housing sector.

Average weekly earnings in Alberta grew by 1.6% in June, the strongest monthly gains in six months. To date wages have grown 4.5% compared to last year. Nationally, wage growth remained steady at 0.3% in June.

Farm cash receipts in Alberta increased by 14.2% in the first half of this year from the same period last year. Grains and oilseeds are among the top performing crops, leading to significant gains among the three Prairie provinces. Despite some declines in Maritime provinces due to potato receipts falling slightly from the near-record levels in 2006, cash receipts rose 9.8% nationally.

Cdn Dollar (US¢/CS)

August 30, 2007	94.7
August 24, 2007	95.0
2007-08 YTD	92.7

WTI Oil US$/bbl

August 29, 2007	$ 73.36
August 23, 2007	$ 69.83
2007-08 YTD	$ 68.34

Nymex Natural Gas CS/MMBtu *

September Contract

August 30, 2007	$ 6.04
August 24, 2007	$ 5.99

*Estimate based on Nymex Futures Market Price

The Industrial Product Price Index (IPPI) fell by 0.7% in July, the third consecutive monthly decline. The appreciating Canadian dollar and falling metal prices contributed to declines in metals (-3.8%) and chemical manufacturing (-1.3%). Strong crude oil prices led to the 3.9% monthly gain in raw material prices.

Oil prices increased this week on larger than expected declines in US inventories and reports of a storm forming in the Atlantic.

Economic Indicators Released this Week	Reference Period	Quarter/Previous Quarter (Q/Q)	Quarter/Previous Year's Quarter (Y/Y)	Year-to-date[1]
	2nd Quarter			
Canadian Real GDP (millions of $2002)	1,312,257	0.8%	2.5%	2.3%
U.S. Real GDP (billions of $2000)	11,524	1.0%	1.9%	1.7%
		Month/Previous Month (M/M)	**Month/Previous Year's Month (Y/Y)**	**Year-to-date[1]**
Average Weekly Earnings	**June**			
Alberta	$834.26	1.6%	5.1%	4.5%
Canada	$769.43	0.3%	3.6%	3.1%
	July			
Canadian Industrial Product Price Index (1997=100)	115.6	-0.7%	-0.3%	3.1%
Canadian Raw Materials Price Index (1997=100)	181.4	3.9%	3.5%	5.8%

Source: Statistics Canada, U.S. Census Bureau

[1] *Year-to-date 2007 compared to the same period in 2006*